

**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION**

In the Matter of)	
Petition of WorldCom, Inc. Pursuant)	
to Section 252(e)(5) of the)	
Communications Act for Expedited)	
Preemption of the Jurisdiction of the)	CC Docket No. 00-218
Virginia State Corporation Commission)	
Regarding Interconnection Disputes)	
with Verizon-Virginia, Inc., and for)	
Expedited Arbitration)	
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DIRECT TESTIMONY OF CHUCK GOLDFARB

ON BEHALF OF WORLDCOM, INC.

(Issue II-1)

July 31, 2001

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A. My name is Chuck Goldfarb. I am director for law and public policy at WorldCom, Inc.
My business address is 1133 19th Street, NW, Washington, DC 20036.

A. I am an economist with 27 years experience in both the public and private sectors. In my current position, I am responsible for developing and coordinating WorldCom's analysis of major public policy issues, such as unbundled network elements and universal service. In my eleven years at MCI/WorldCom, I have performed many tasks, including preparing analysis and submissions to the FCC, testifying as an expert witness on costing, unbundling, and other public policy issues in hearings and panels at many state regulatory commissions (Illinois, New Hampshire, Colorado, Maryland, Massachusetts, Vermont), participating in panels at NARUC, and coordinating all of WorldCom's economic and technical witnesses in the various state arbitration proceedings that followed passage of the 1996 Telecommunications Act. Prior to joining WorldCom, I was an economic consultant for four years, during which time I was an expert witness in private antitrust cases in federal and state courts and in proceedings at state regulatory commissions. From 1974 to 1986, I was an economist and manager at an alphabet soup of federal agencies – FTC, FCC, and OMB. At the FTC, I supervised economists in antitrust cases. At the FCC, I was the lead staffer in the Commission's radio deregulation proceeding and then became assistant chief of the (then) Broadcast Bureau. At OMB, I initiated the internal government review that ultimately resulted in the creation of FTS2000, the first program for competitive bidding for the federal government's telecommunications needs. I

1 received a B.A. in economics from Brandeis University and an M.A. in economics from the
2 University of Pennsylvania.

3 **Q. What is the purpose of your testimony?**

4 A. The purpose of my testimony is to explain why the best rate design for unbundled
5 switching is an entirely flat-rated price structure in the form of a single per-port charge. This
6 testimony relates to Issue II-1, which is described in the Petition for Arbitration as follows:

7 **Issue II-1**

8 *Should Verizon be required to reduce recurring rates for certain Unbundled Network Elements*
9 *(“UNEs”)?*

10 **Q. What principles should be followed when determining rate design?**

11 A. There are two important principles. First, rate design should structure prices to most
12 closely reflect underlying forward-looking economic costs. Such rate design allows producers
13 and consumers to make individual economic decisions that are efficient from both their private
14 perspective and from society’s perspective. This will maximize consumer welfare. Prices
15 provide the signals that market participants rely upon to make buy/sell, lease/invest, and other
16 economic decisions. In a market economy, prices determine the way society’s resources are
17 allocated by affecting the decisions of millions of producers and consumers. If prices do not
18 reflect the underlying forward-looking economic costs associated with the resources, then the
19 subsequent buy/sell and lease/invest decisions will not reflect the underlying costs and will result
20 in a distorted – and inefficient – allocation of resources. Based on the prices they face, both
21 producers and consumers have the incentive to make rational decisions. But those decisions will
22 not result in an efficient allocation of resources if the prices do not reflect underlying forward-
23 looking economic costs.

1 In addition, rate design that reflects underlying forward-looking economic costs
2 minimizes the ability of a monopoly provider to discriminate against dependent competitors by
3 creating the same underlying cost structure for all.

4 Second, rate design should be stable and impose minimal administrative and auditing
5 burdens on the parties. For prices to provide useful market signals, they must be sufficiently
6 stable that customers can use them effectively in their market decisions. Moreover,
7 administrative and auditing burdens impose deadweight losses that can have significant
8 anticompetitive consequences.

9 **Q. What is the underlying cost structure of Verizon's switching?**

10 A. Switching has several dimensions, each with different underlying costs. A switch must
11 be sized with the capacity to meet the projected need for memory and processing power as well
12 as the projected number of connections (ports) at periods of peak demand. As explained in the
13 testimony of Catherine Pitts, switch vendors have determined that it is most efficient to design
14 switches with memory and processing power that far surpass expected demand, so that as
15 demand grows these switches will face "exhaust" on the number of ports before they face
16 memory or processing power exhaust. Because switches are built in this fashion, switching costs
17 are driven primarily by the number of ports, not by usage or features (that require additional
18 memory or processing capacity). These ports are used to serve either Verizon's end-user
19 customers or the customers of CLECs who purchase unbundled switching from Verizon.

20 Based on publicly available information, Ms. Pitts estimates that approximately 50 to 70
21 percent of Verizon's switching costs are dedicated port and fixed costs that are non-traffic
22 sensitive and the remaining 30 to 50 percent of switching costs are traffic sensitive. Ms. Pitts
23 indicates that the traffic sensitive costs primarily reflect the equipment engineered to satisfy peak

1 period usage, i.e., these are peak period-driven capacity costs. As Terry Murray explains in her
2 testimony, peak usage (and hence peak period-driven capacity needs) will vary from switch to
3 switch, depending on the characteristics of the customer base (e.g., residential vs. business
4 customers) served by the switch.

5 Thus, there are two primary cost causers – the number of ports and central office-specific
6 peak period-driven capacity needs.

7 **Q. What is the best rate design for Verizon's port-related (non-traffic sensitive)**
8 **switching costs?**

9 A. The best rate design to recover Verizon's port-related (non-traffic sensitive) switching
10 costs is a flat-rated port charge. Such a charge directly reflects the underlying costs and is easy
11 to implement and audit.

12 **Q. What is the best rate design for Verizon's central office-specific peak period**
13 **capacity-driven (traffic sensitive) switching costs?**

14 A. In theory, the best rate design would be to assign these peak period capacity-driven costs
15 across usage at different times of the day and different days of the year based on the likelihood of
16 a peak occurring at that time – some sort of central office-specific peak period usage charge. In
17 practice, however, it would be virtually impossible administratively to implement such a charge.
18 It would not be possible to perform the necessary data collection and verification tasks in a
19 timely and cost-effective fashion. The contentious disputes that exist today about aggregate
20 minutes of use across all switches, used as the base on which to calculate average minute-of-use
21 charges, would pale in comparison to the disputes about central office-specific total minutes and
22 peak period minutes-of-use.

1 It therefore is necessary to use a different rate design to recover Verizon's peak period
2 capacity-driven traffic sensitive switching costs. The two obvious potential choices are an
3 average minute-of-use charge (dividing total traffic sensitive costs by total minutes of use) and a
4 flat-rated per port charge (dividing total traffic sensitive costs by total ports). Of the two, the
5 flat-rated port charge is the better.

6 **Q. Why is use of a flat-rated port charge better than use of an average minute-of-**
7 **use charge to recover Verizon's peak period capacity-driven traffic sensitive switching**
8 **costs?**

9 A. There are several reasons why a flat-rated port charge is better. First, when the rate for an
10 input (such as switching) diverges from the underlying forward-looking cost of that input, so that
11 CLECs' cost structures differ from the ILEC's cost structure, and the ILEC can set the price
12 structure and levels of its retail service offerings, then the ILEC will have the ability to
13 manipulate those retail service offerings and rates in an anticompetitive fashion. Ms. Murray
14 provides a good example of this in her testimony, describing the potential unfair advantage that
15 Verizon would have in offering usage-based services by inflating its competitors' off-peak
16 switching costs relative to those of Verizon:

17 Anyone familiar with cellular and PCS pricing plans can easily imagine
18 Verizon offering a local exchange service with a flat rate just sufficient to
19 recover loop and retail-related costs, a per-minute charge only for peak
20 period minutes and unlimited off-peak calling without any additional
21 charge. A competitor that must pay Verizon a positive price for every off-
22 peak minute would have difficulty matching Verizon's price, even though
23 the underlying cost to Verizon of supplying off-peak switching to the

1 competitor would be equal to the cost that Verizon incurs to offer the same
2 off-peak switching directly to the end-user.

3 There would be far less opportunity for such anticompetitive mischief if Verizon had to
4 recover its traffic sensitive switching costs through a flat-rated port charge.

5 Second, on the purely practical, implementation level, it is far easier for competitors to
6 audit a flat-rated per port switching charge than a minute-of-use charge. WorldCom has more
7 than two decades of experience auditing the usage-based bills from Verizon and other ILECs for
8 essential inputs (such as access services) for which there are no alternative providers. Due to
9 ILEC overcharging, WorldCom often makes up-front payments and only receives rebates for
10 overpayment long after the fact. To the extent such auditing costs are unnecessary, they should
11 be avoided. It will be much simpler and less contentious to audit per port switching charges than
12 to audit per-minute-of-use charges.

13 Third, one of the most contentious issues in several recent state cost cases has been
14 determining the total minutes-of-use on ILEC switches, which is the denominator in the
15 calculation of average minute-of-use charges. To the extent Verizon is successful in understating
16 the number of minutes in the denominator, it is successful in inflating the average per-minute-of-
17 use rate element and overcharging the CLECs. In the recent rate cases in New York and New
18 Jersey, Verizon's convoluted method of determining the number of minutes to be used in the
19 denominator of the rate calculation was a significant issue. If the Commission were to employ a
20 per port switching charge to cover all switching costs, it would be able to avoid this very
21 contentious battle. Since average per-minute-of-use charges do not reflect peak period capacity-
22 driven costs, in any case, it certainly does not make sense to get caught up in a time-and-
23 resource-consuming regulatory battle over the measurement of minutes-of-use. The

1 administratively simplest approach is to employ a per port switching charge. This also will
2 foster competition by reducing unnecessary costs on new entrants.

3 Fourth, Verizon's current residential retail rates are flat-rated. This follows the pattern in
4 most states, where regulators have favored flat-rated residential local service rates. If Verizon's
5 switching rate were to have a per-minute-of-use component, then new entrants using UNE-
6 platform would face a usage-based cost structure and would have to choose between setting flat-
7 based residential retail rates that did not reflect their underlying costs – and likely lose money
8 serving high-usage customers – or trying to compete with Verizon while using a usage-sensitive
9 retail rate that was both unfamiliar to many customers and higher than the Verizon rate for high-
10 usage customers. A flat port charge for switching will maximize competitive provision of flat-
11 based residential service.

12 In conclusion, use of a single flat per port switching charge to recover Verizon's port-
13 driven non-traffic sensitive and peak period capacity-driven traffic sensitive switching costs
14 represents the best rate design.

15 CONCLUSION

16 **Q. Does this conclude your testimony?**

17 **A. Yes, it does.**

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AFFIDAVIT OF CHUCK GOLDFARB

The undersigned, being of lawful age and duly sworn on oath, certifies the following:

I, Chuck Goldfarb, declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information and belief.

Chuck Goldfarb

Chuck Goldfarb

Subscribed and Sworn to before me this
31st day of July, 2001.

Maria A. Rosel

Notary Public

MARIA A. ROSSEL
Notary Public District of Columbia
My Commission Expires: 2/14/2006

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DIRECT TESTIMONY OF JOHN TROFIMUK AND MATT HARTHUN

(Issue I-10)

July 31, 2001

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INTRODUCTION

Q. Please state your name, title, and address.

A. My name is John A. Trofimuk. I am Regional Executive for the Central Region Telco and Line Cost Management group of WorldCom. My address is 205 North Michigan Avenue, 11th Floor, Chicago, Illinois 60601.

A. My name is Matthew J. Harthun. I am Commercial Counsel in the Network and Facilities Legal group of WorldCom. My business address is 8521 Leesburg Pike, 6th Floor, Vienna, Virginia 22182.

Q. Please describe your responsibilities at WorldCom.

A. My duties as Regional Executive include the responsibility for ensuring the implementation of interconnection and other capabilities that WorldCom receives from local exchange carriers in order to support WorldCom's local and long distance telecommunications infrastructure. My group handles interconnection issues arising in various incumbent LEC and independent telephone company service areas. In addition my group includes carrier management for incumbent LECs and independent telephone companies operating in various territories, project management for OSS implementation for local service interfaces with these telephone companies, and bill audit and payment of nearly \$2.5 billion, annually, for interconnection, access and other services purchased from these telephone companies.

A. My duties as Commercial Counsel include supporting WorldCom's negotiation, drafting, and enforcement of interconnection agreements with Verizon under Sections 251 and 252 of the Communications Act of 1934, as amended.

1 **Q. Please describe your relevant experience and background.**

2 A. I joined WorldCom (then MCI) in 1997 as Director of Finance for the Central Region
3 Telco and Line Cost Management group. In October of 1998 I assumed my responsibilities as
4 Regional Executive. Prior to joining WorldCom, I spent fourteen years in various financial
5 management positions with AT&T and five years as an outside auditor with Arthur Andersen &
6 Co. I received a Masters degree in Management from Northwestern University in 1992, and a
7 Bachelor of Science degree in Accounting from Millikin University, Decatur, Illinois in 1978.

8 A. I joined WorldCom (then MCI) in late 1996. I have been involved with Verizon (both
9 legacy GTE and Bell Atlantic) interconnection agreements since that time. Prior to joining
10 WorldCom, I was a staff attorney with the Policy and Program Planning Division of the FCC's
11 Common Carrier Bureau, where I worked in the areas of transport rate restructure, exchange
12 access rate structures and price caps, local number portability, and the unbundling of basic
13 telecommunications services. Prior to joining the FCC, I worked in private practice as a
14 communications attorney. My primary responsibilities involved the negotiation of complex
15 commercial agreements in the area of satellite digital transmission equipment, launch services,
16 and transponder leases. I received a J.D. degree from the University of Michigan Law School in
17 1990. In 1985, I received a Bachelor of Science degree in Engineering from Trinity College in
18 Hartford, Connecticut.

19 **Q. What is the purpose of your testimony?**

20 A. The purpose of our testimony is to address WorldCom's position and rationale regarding
21 Issue I-10, which states,

1 **Issue I-10**

2 *Should the Interconnection Agreement contain a provision defining the term of the*
3 *Interconnection Agreement (3 years from the Effective Date), and establishing a process for*
4 *extending the term and effectiveness of the Interconnection Agreement pending creation of a*
5 *superceding interconnection agreement? (Part A, Section 32.1)*

6 **Term of the Agreement**

7 **Q. What is WorldCom's position and the underlying rationale with respect to the term**
8 **of the interconnection agreement?**

9 A. WorldCom proposes including in the Verizon/WorldCom Interconnection Agreement,
10 Part A, Section 32.1, which provides that:

11 **Section 32. Term of Agreement**

12 32.1 This Agreement shall become effective as of the Effective Date and, except as
13 otherwise provided in this Agreement, shall remain in effect until three (3) years after the
14 Effective Date ("Initial Term"). Thereafter, this Agreement shall remain in full force and
15 effect under the same terms and conditions, subject to true-up of the rates, until the
16 effective date of a superceding interconnection agreement between Verizon and MCI; provided that either (i) MCI has requested formal or informal negotiations, or
17 (ii) Verizon has requested informal negotiations, of a superceding interconnection
18 agreement. Neither Party may request such negotiations earlier than 120 days prior to the
19 end of the Initial Term.
20

21 The Interconnection Agreement should contain this provision because it defines a
22 reasonable period of time during which the rights and obligations set forth in the Interconnection
23 Agreement are effective between the Parties. This provision makes clear when the obligations of

1 both parties under the Interconnection Agreement begin and end. In so doing, this provision
2 avoids ambiguity as to the rights and obligations that prevail at any particular point in time.

3 The three year length of contract proposed herein is a reasonable term which provides the
4 degree of stability needed for business planning purposes. A shorter term does not offer this
5 stability and would inhibit reasonable business and investment decisions. It is difficult to make
6 plans to enter a market if it is possible that the services, unbundled network elements, or
7 interconnection, for example, upon which that plan is based can be withdrawn after a short
8 period of availability. It is also difficult to make these same plans if the terms and conditions
9 under which the services, unbundled network elements, or interconnection can change
10 significantly within a short period of time after having been established.

11 The three-year term proposed here by WorldCom was agreed to by WorldCom and
12 Verizon for the existing Verizon-VA/MCI metro interconnection agreement and for all of the
13 existing Agreements between WorldCom and the former Bell Atlantic-South and Bell Atlantic-
14 North entities. It still represents a reasonable term as it did in 1996 and 1997. In fact, a three
15 year term is typical today in this industry for this type of agreement.

16 **Establishment of a Successor Agreement**

17 Section 32.1 as proposed by WorldCom is equitable in that it permits either party to
18 continue the effectiveness of the Interconnection Agreement, pending establishment of a
19 successor agreement, by requesting negotiations. It permits the interconnection agreement to
20 continue in effect only if one of the parties has started the process of negotiating a replacement
21 agreement. In WorldCom's experience, it is common for an interconnection agreement's initial
22 term to end before a new agreement is in place. That is because, although the Act contemplates
23 that the entire negotiation and arbitration process will be completed in nine months, in practice it

1 invariably takes much longer to complete. For example, in one case almost four years passed
2 between the date negotiations were requested and the date a final interconnection agreement was
3 signed.

4 Given the unpredictability of this process, it is important that the Agreement continue in
5 effect after the initial term has expired, and while negotiations for a new Agreement are
6 occurring, so that WorldCom can continue to provide service to its customers. A cessation of
7 performance under the Agreement by Verizon would seriously disrupt WorldCom's business and
8 the services provided to WorldCom's customers. If Verizon stopped providing elements when
9 the contract expired, for example, WorldCom would suddenly be unable to serve the customers
10 to whom it provides service through the use of such elements. Similarly, if Verizon stopped
11 interconnecting with WorldCom when the agreement's initial term expires, WorldCom's
12 customers would be unable to call any customers served by Verizon. Moreover, even if Verizon
13 agrees to forego shutting off service, any technical termination of the Interconnection Agreement
14 plunges into uncertainty the terms and conditions under which WorldCom purchases services
15 from Verizon. In turn, this casts significant uncertainty over the business plan under which
16 WorldCom is operating in the provision of services to its customers. WorldCom would not
17 know, for example, whether Verizon intended to apply the terms and conditions contained in the
18 agreement, or if it intended to apply the terms and conditions contained, for example, in a tariff
19 or similar document. That kind of uncertainty is unacceptable in a commercial marketplace.

20 Verizon has apparently misread WorldCom's proposed language. In its Response
21 Verizon states that "To wit, WorldCom would have the contract provide that it will go on
22 indefinitely (*i.e.*, it would be evergreen) unless WorldCom formally or informally requests
23 negotiations, or unless Verizon informally requests negotiations. A cursory reading of

WorldCom's proposed language suggests that it is [sic] fair resolution of the matter." See Verizon's Response at page 250 (emphasis added). It is clear that Verizon has misconstrued and reversed the effect of WorldCom's proposal. Under WorldCom's proposed Section 32.1, the Interconnection Agreement would only continue in effect if WorldCom or Verizon requested negotiations of the successor agreement. WorldCom is not proposing or suggesting that the Interconnection Agreement continue into "evergreen" automatically, but only once one of the parties (through either the 251/252 process or informally for WorldCom, or informally for Verizon (which is not entitled to seek negotiation pursuant to the Act, but which can seek negotiation informally)) has commenced the process to replace and supercede the Interconnection Agreement.

To the extent that Verizon is concerned about perpetual evergreen of the Interconnection Agreement, the proposed provision should alleviate that concern. The proposed language permits Verizon to initiate informal negotiation of a new agreement.¹ Any negotiations of a successor agreement (whether formal or informal) would be subject to good faith requirements, for which Verizon or WorldCom would have recourse with the Virginia Commission or the FCC. Thus, if Verizon felt that negotiations for a new agreement were not progressing satisfactorily, it could invoke the Commission's jurisdiction to move things along.

So long as negotiations for a successor agreement have been requested or are on-going, the Interconnection Agreement should remain in effect. Under no circumstances should Verizon be permitted to compel WorldCom to take service under an SGAT or tariff when it has requested negotiation of a new interconnection agreement. Termination of WorldCom's rights under the

¹ The proposed language permits Verizon to initiate informal negotiations, not formal, because only a CLEC can institute formal negotiations pursuant to Section 252(a), by sending a request for interconnection, network elements, or services.

1 Interconnection Agreement would have a severe effect upon WorldCom's ability to provide
2 service to its customers and accordingly, the drastic step of contract termination should not occur
3 without Commission approval.

4 In any event, Verizon's alleged concern that WorldCom would attempt to maintain the
5 successor agreement in perpetual evergreen is unfounded. It is belied by the circumstances of
6 this case. It was WorldCom which requested negotiation of a new agreement. When negotiations
7 with Verizon stalled in Virginia, it was WorldCom which invoked the Virginia Commission's
8 jurisdiction (by requesting mediation) in an attempt to move the negotiations along. Verizon, on
9 the other hand, opposed Commission involvement. Finally, it is WorldCom which has twice
10 requested arbitration (at the SCC and the FCC) of a new agreement. WorldCom is plainly not
11 interested in a perpetual evergreen.²

12 **Q. Have you reviewed Verizon's proposal?**

13 A. Yes. Verizon's proposal to use AT&T/Verizon language is problematic for several
14 reasons. First, the AT&T/Verizon language contains a bilateral termination provision. This
15 means that either party can terminate for convenience the contract on 90 days notice once the
16 initial term has expired. In WorldCom's view this is unacceptable. This permits Verizon to
17 escape its statutory and regulatory obligations embodied in the agreement. Although those
18 underlying statutory and regulatory obligations remain unchanged when an interconnection
19 agreement expires, historically Verizon has refused to allow a competitive provider to purchase
20 services simply because an FCC or state commission order requires Verizon to make the service
21 available. Verizon requires some type of legal purchase vehicle, such as a contract, SGAT or
22 tariff. Permitting Verizon the ability to terminate the interconnection agreement would permit

1 Verizon to force a competitive provider to purchase services under Verizon's tariffs or SGATs,
2 if these are in place. But, the Act provides that CLECs are entitled to purchase services out of an
3 Interconnection Agreement if that is their choice. CLECs should not be forced into an SGAT or
4 tariff when they are engaged in negotiations for a successor Interconnection Agreement.

5 If a SGAT or tariff will not, the situation would be worse yet. In those circumstances, the
6 terms and conditions under which services would be purchased would not be established and
7 Verizon would be permitted to escape its statutory and regulatory obligations to WorldCom. The
8 critical point is that in either situation, competitive providers and their business plans, investment
9 decisions, and customers face an unacceptable level of uncertainty.

10 Second, notwithstanding Verizon's disingenuous description to the contrary, the
11 AT&T/Verizon contract language does not permit the parties "to operate under the terms of the
12 expiring agreement," "so long as either Party chooses to request renegotiation of the agreement
13 under the Act." See Verizon Response at page 250. Under the AT&T/Verizon language, this
14 only remains true for one year after the date of termination. Unfortunately, as explained above,
15 at the end of that one-year period a successor agreement is not likely to be in place. Thus, a date-
16 certain on which the existing interconnection agreement expires, without having a successor
17 agreement in place, is unworkable because it is impossible to predict how long negotiations will
18 take. It also adds to Verizon's incentive to stall and delay the negotiations and arbitration of
19 successor agreements. The negotiation and arbitration process surrounding the three
20 interconnection agreements in this consolidated arbitration indicate that a one or two year "drop
21 dead date" would have created a period during which no interconnection agreement would have
22 been effective. Verizon has been quite successful in stalling the establishment of interconnection

² If it helps put aside Verizon's unfounded concern, WorldCom is willing to accept a provision under which the Agreement could be terminated by a regulatory body upon a showing by either party that the other was either

1 agreements through the Section 252 process — in one case stretching out for almost four years
2 the process beginning with a letter requesting negotiations through commission approval of an
3 agreement.

4 Third, Congress has not granted incumbent LECs the ability to seek negotiation under
5 sections 251 and 252 of the Act. To the contrary, Congress made it clear that only “requesting
6 carriers” — not incumbent LECs — have the right to request interconnection under Section
7 252(a)(1). AT&T is free to negotiate that right away in return for something else. The
8 AT&T/Verizon language suggests this to be the case. Neither Cox nor WorldCom, however,
9 should be compelled to grant Verizon that right.

10 The Commission should approve the contract language proposed by WorldCom and the
11 general principles set forth below.

12 *GENERAL PRINCIPLES:*

- 13 • *Verizon cannot compel a CLEC to take service under tariff terms or an SGAT at expiration of*
14 *an Interconnection Agreement.*
- 15 • *So long as negotiations for a successor Agreement have been requested or are ongoing, the*
16 *current Agreement should continue in effect.*
- 17 • *Verizon may not terminate an interconnection agreement without Commission oversight.*

18 **CONCLUSION**

19 **Q. Does this conclude your testimony?**

20 **A. Yes, it does.**

negotiating in bad faith or failing to negotiate for a successor agreement.

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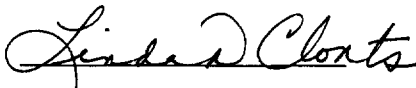
AFFIDAVIT OF JOHN TROFIMUK AND MATT HARTHUN

The undersigned, being of lawful age and duly sworn on oath, certifies the following:

I, Matthew J. Harthun, declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information and belief.


Matthew J. Harthun

Subscribed and Sworn to before me this
30th day of July, 2001.


Notary Public

**My Commission Expires
May 14, 2005**

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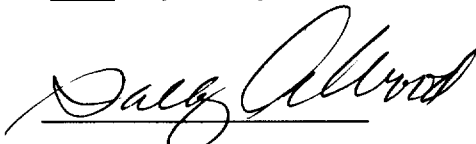
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The undersigned, being of lawful age and duly sworn on oath, certifies the following:

I, John A. Trofimuk, declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information and belief.


John A. Trofimuk

Subscribed and Sworn to before me this
30th day of July, 2001.



Notary Public

Embossed Notion is My
Commission of Virginia Notary Public Seal
My Commission Expires October 31, 2001
SALLY A. WOOD